

**ASSEMBLYMAN MARCO ANTONIO FIREBAUGH, CHAIRMAN**  
**LATINO LEGISLATIVE CAUCUS**

**California Research Bureau**  
**Report Summaries**

**The following California Research Bureau Reports were requested by the Latino Legislative Caucus between June 1999 and November 2003:**

**Latinos and Economic Development in California**  
**June 1999**

**Executive Summary:**

The two key elements to promote broad-based economic growth are 1) Public infrastructure and 2) a well-trained labor force. In order to achieve these two key elements both short-term and long-term goals were identified.

1. **Short Term Goal:** By 2004, 32% of Latinos will be enrolled in a 4 yr. university and the high school drop out rate will decrease to 10%. In 1997, 17% of Latinos are enrolled in a 4 yr. university and 23% drop out of high school. If these goals were met, the state would gain \$329 million in increased wages annually and an increase of \$23 million in state taxes.
2. **Short Term Goal:** By 2003, 5% of the Latino labor force will have gone back to school to further their education. Currently (1999) 8% of Latinos have a BA degree or higher, and 45% of Latinos have no high school diploma, the reverse is true for Non-Latinos where 33% have a BA or higher and only 8% who have no high school diploma. If this short-term goal were met, the state would gain \$1.4 billion in increased wages annually and \$79 million in annual state income taxes.
3. **Long Term Goal:** if educational parity were met the state would observe a \$28 billion dollar increase in earnings, which would circulate money through the state economy, and secondly the state would incur an additional \$1.7 billion dollars in revenue from state income taxes.

Currently (1999) Latinos comprise 28% labor force and account for only 19% of the wage income in California. Because education is an identified key to promoting economic growth, it is important to note that low levels of educational attainment persist even among 3<sup>rd</sup> generation Latinos, therefore negating the notion that this is just a problem for recent immigrants.

**California Research Bureau**  
**A Coordinated Approach to Raising the Socio-Economic Status of Latinos in California**  
**March 2000**

The study for a coordinated approach to raising the socio-economic status of Latinos in California focuses on eleven key areas to help address and combat this issue. The key areas identified are: Pre-K Access, K-12 Performance, College & University Performance, the Digital Divide, Business Development, Employment & Training, Community Redevelopment, Pensions & Retirement, Media & Culture, Health Care, and Safe Neighborhoods.

Currently Latinos represent the largest ethnic group in public schools and account for 50% to 60% of the population growth in California. Of Latinos in the workforce, 45% have less than a high school education. If educational attainment parity were reached there would be \$28 billion increased earnings circulating in the economy and \$1.7 billion dollars captured through state income taxes.

**Preschool Access:**

Early childhood education has a correlation with continued educational success. In order to increase Latino educational success in preschool, 12 areas were identified as major topics that need to be addressed in order to meet this goal. Those areas are: Under-utilization of preschool, affordability, quality of preschools, preschool location, transportation, hours of preschool operation, language barriers, eligibility criteria and documentation requirements, complex paperwork requirements, consumer and professional education, recruitment and retention of Latino staff, and preschool teacher mentoring and support.

According to the California Research Bureau Note, *Who's Least Likely to Attend Pre-School*, only 24% of Latino children went to preschool the year before kindergarten as compared to 57% for Anglo students and over 40% for both Asian and African-American students. Of those Latino children who did go to preschool, 69% of the children under the age of five are in families with incomes under \$30,000. In contrast, close to 50% of non-Latino children are in families where the income exceeds \$50,000. In addition to affordability, other factors attribute to low Latino enrollment rates in preschool such as the low supply of preschools in communities with higher Latino concentrations, the complicated paperwork requirements for enrolling children, language barriers, eligibility requirements, lack of diversity among preschool staff, etc.

**K-12 Performance:**

Currently (2000) 40.5% of the 5.7 million children enrolled in California's public schools are Latino, the largest ethnic group among pupils. The English language learner population consists of 25% of the entire pupil population in which 80% are Spanish speaking. In kindergarten, Latinos represent close to 50% of enrollees. In high school, more than half of all students that do not complete high school are Latinos. On the State Student Testing and Reporting (STAR) assessment exam, Latinos are least likely to score at or above 50 percent of the national percentile in reading and score only slightly better in mathematics. In attempting to increase Latino achievement it is important to balance adequacy and equity in light of the state's priorities for accountability and performance. In 1997-98 Latinos trailed Non-Latinos in intermediate

algebra, chemistry, and physics enrollment which places them at an academic disadvantage to enroll in 4-year universities.

Recommendations includes educating staff and elected officials about the demographic changes and the implications it has on their delivery of services, empowering school boards and/or administrators to improve the quality of the teachers, train staffs to work effectively with a culturally diverse student population, a curriculum that reflects California's cultural diversity, and to close the digital divide. The goals of which are to ensure that every Latino child is reading and comprehending grade-level material by the end of the third grade, all staff are qualified and encouraging student academic success, support transitions between school transitions, empower Latino parents in assisting in their child's educational planning, providing a safe and conducive learning environment with adequate school facilities, identify students who need extra support and assist them, promote participation in extra and co-curricular activities, and expose Latino students to a wide array of career options.

#### **College & University Performance:**

When considering Latinos in higher education, the following three topics must be addressed: access to higher education, faculty core, and financial aid. Access to higher education is becoming increasingly important because as society becomes increasingly complex, higher levels of education are necessary to maintain economic competitiveness. Higher education contributes to an educated work force which in turn contributes more in state taxes, higher education provides us with the our future leaders of both the state and the union, and educated individuals from low income communities are more likely than others to return to those communities to provide professional services.

Unfortunately, proportionately fewer Latinos are able to gain access to higher education than any other ethnic group in California. Latinos represent 38% labor force and earn only 19% of the wage income, which is attributed to the education gap. 33% of White wage earners have at least a bachelors' degree, but only 8% of Latinos are similarly well educated. Latinos comprise 1/3 of students graduating from our public high schools but only 13% percent of total enrollees at UC. At CSU, Latinos account for only 23% of enrollees. At the graduate school level only 8% of students are Latino. Statewide, Latinos make up only 5% of all physicians and account for only 4% of UC faculty. At the community colleges Latino faculty accounts for 10% and at the CSU it accounts for 7%. Of Latino students, 75% of Latinos that do continue on to higher education first begin at the community college. In 1996, Latino's accounted for 24% of community college enrollment but two years later only 12.6% transferred to a four-year college.

On the issue of affordability, 60% of the Latino students in the K-12 system come from families with incomes under \$30,000. Although the Cal Grant program has helped make college more affordable, there is still an estimated unmet financial need of 20 to 30%.

Policy considerations to help promote Latino students from avoiding the pitfalls of segregated and unequal higher education systems include fostering partnerships between higher education institutions and with the K-12 sector to prepare Latino students academically (Outreach programs), UC needs to consider reviewing its admission practices and should consider taking a full range of eligible students, utilize efforts on best practices for moving Latino students

successfully through the academic pipeline (The Puente Project), expand the capacity of the higher education system, a new focus to be placed on encouraging and supporting high academic achievement, and incentives for high achievement among 9<sup>th</sup> grade students in low performing schools.

#### **Digital Divide:**

Access, Knowledge, and Purpose are the three items that are identified in this study that will address the digital divide dilemma. Latinos lag behind in computer ownership and Internet access. In general, families with lower incomes and lower levels of education have lower rates of computer usage. Latinos comprise the largest group of the low-income population. Only 18% of 2.4 million young Latinos had a computer at home. As computers increasingly become more affordable and as companies attempt to expand their market share, the bridge between the digital divide will begin to decrease. The Federal Government and State government have several programs to bridge the digital divide such as the federal Telecommunication and Information Infrastructure Assistance Program (TIAP), the E-rate program, the Digital High School program and Technology Literacy Grants, the California Teleconnect Fund, in addition to proposed budget of \$433 million from the Governor's 2000-2001 budget. In addition to having the means to access computers, individuals must learn how to use them and have the desire to want to learn how to use and utilize them. The study found a correlation between students who learned how to use computers with those students who wanted to continue on to higher education. There are many efforts in the private sector designed to bridge the digital divide. The key for the public sector is to see how it can best partner with the private sector to help those hard-to-reach communities.

#### **Business Development:**

In 1992, California had the largest number of Latino-owned firms. These Latino owned businesses tend to be smaller than the norm. In order to address the issue of raising the socio-economic status of Latinos, a good starting point would be to nurture Latino firms and encourage their growth and extension into other markets. Involving new credit and education and training for both workers and entrepreneurs would help further this goal. When compared to the national average, Latino firms in California are disproportionately concentrated in agriculture, retail trade, and services and underrepresented in manufacturing, wholesale trade, and finance despite the recent catch-up process from 1982-1992. When discussing business development it is important to discuss access to capital. Many Latino firms are undercapitalized and face higher interest rates on loans, and therefore are often reluctant to apply for credit, thus stagnating potential Latino business growth. Also of importance is networking which will be key for businesses to gain access to services outside of the Latino community and grow.

Firms also need help bridging the "digital divide," by facilitating company access to new technologies and new business-to-business e-markets which would allow Latino firms to capitalize on trade opportunities. In an effort to increase Latino owned businesses, those businesses that give back to their communities should be rewarded for doing so.

Some policy considerations include extending the notion of industry clusters to include the relevant sectors of Latin American countries, the ability for business owners to identify and value opportunities that can increase their competitiveness, and integrated business development plan, and increasing access to loan and equity based capital.

### **Employment & Training:**

The demand for unskilled workers, especially with less than a high school education, has decreased by two-thirds in the last 40 years. By 1997, less than 20 % of the workforce was unskilled. In California, 86% of Latinos in the workforce have a high school diploma or less. Currently California's employment and training programs do not meet the needs of Latinos. Most of the State's employment and training programs are designed to serve unemployed workers; most Latinos are employed working low-wage jobs and therefore find themselves unable to benefit from these programs. Most Latinos work for small businesses of which many are largely unaware of the training resources available through the Employment Training Panel (ETP), lack the personnel to process the paperwork, or find it difficult to release workers to complete training programs. The State can also utilize Community Colleges to provide training and education to Latinos. Barriers that prevent Latinos from receiving training are issues relating to transportation, childcare, and the language barrier. In January of 2000 the Workforce Investment Board recommended that California's workforce development system should be universal, and open to existing workers and unemployed workers alike, that it should expand the use of ETP funds to train low-wage workers, that it should identify educational institutions that can address employers' needs for general and industry-specific training, identify strategies for delivering upgrade-skills that minimize time, cost, and scheduling burdens, provide incentives for employers to invest in the training of employees who are at the bottom of the skill and salary ladder, and develop partnerships between government and organizations to address the employment and training needs of the population.

### **Community Building and Redevelopment:**

Any coordinated effort to raise the socio-economic status of Latinos and any low-income group should involve Redevelopment Agencies (RDA's). By invoking their authority, RDA's can issue redevelopment bonds that will be repaid by future increases in tax revenues. Deeper levels of cooperation and coordination between community development organizations and stakeholders could better achieve community building.

### **Pensions & Investments:**

California has over 3 million Latinos who are 25 years old and older who are aging toward retirement. Due to the fact that Latinos typically earn low wages, and the current annual median wage for this group is \$17,000, this means that Latino's will receive at most \$8,500 annually in Social Security when they retire. Employer provided retirement plans and pensions have very low rates of usage among Latinos. For Latinos, 40% indicated that there was a pension plan offered at work. For non-Latinos the existence of a pension plan was at 66%. Some of the reasons attributed to these low rates or because Latinos typically occupy positions which are more seasonal in nature and thus employers do not fall under the Federal laws that have minimum vesting rules and requirements.

A recommendation provided would be to have small businesses implement pensions plans and to further investigate the issue on how to better target both Latinos and small businesses.

### **Media, Culture, & Information:**

Access to information is a step to empowering any community. Three mediums that this study looks at for disseminating information to the community are the popular media, museums, and the role of libraries.

Due to the fact that American media is so powerful and helps shape the images that lead to general standards and agendas for American society, the American media can be very effective in providing information and empowering the Latino community. It would also be beneficial if popular media could consider passing more information on the process of making changes at the community level as well as developing strong relationships with local government, and community based organizations.

Museums help determine how all people will see and understand Latinos. By fully and accurately reflecting the contributions of all and mirroring the rich diversity, museums can communicate to every visitor the worth of all people and help empower ethnic communities.

Public libraries also play an important media role in educating and empowering the socio-economic status of Latinos and other disadvantaged groups. Public libraries can also contribute directly to the economic productivity of the local community. They can assist individuals in finding jobs, changing career paths, providing information to small business owners, and provide workers with the information and resources they may need to become more productive employees. Public libraries can serve a greater role as an informational hub and can be the center point of community enrichment through the dissemination of information and being a public meeting place for the community for things such as homework assistance as well as a place for job/career information.

### **Health Care:**

Latinos are more likely than the overall California population to rank health care issues as a priority concern. A top priority for 85% of Latinos is that health care is available to children, 15% higher than other voters. The percentage of non-elderly Californians without insurance increased to 24.4% in 1998. In 1998, 40% of Latinos were uninsured. Also in 1998, 48% Latino males were uninsured and 45% of Latino women were uninsured. 32% of Latino children are without insurance, double the amount of the next highest group of uninsured children. More than 80% of the uninsured come from working families, with 47% coming from households where at least one adult was working full-time for a full year.

Policy considerations include increasing the eligibility for State health care programs (Medi-Cal & Healthy Families), modify the eligibility and application processes for State programs, provide greater incentives for employers to offer health coverage, allow insurance companies to sell less comprehensive health insurance policies, provide funding for community-based networks such as community clinics, and increase outreach to Latinos who are eligible but not enrolled in Medi-Cal and Healthy Families.

An estimated five to six million Californians live in areas designated by the federal government as primary health care health professional shortage areas. Latino physicians represent 3% but 26% of the population in 1995. Some suggestions to combat these issues include expanding

outreach to underrepresented students to encourage them to pursue medical training/careers, to increase incentives (loan forgiveness programs) to encourage specialty and geographic distributions of physicians, and the adoption of health care provider cultural and linguistic competency standards for State programs, insurance companies, and major providers.

Two areas where Latinos suffer from a disproportionate risk of illness are diabetes and asthma.

#### Safe Neighborhoods:

Research indicates that violent behavior can often be traced back to the social conditions of the family, school, and neighborhood. While living in a low socio-economic neighborhood does not invariably lead to crime and violence, it does make it more difficult for families living there to have a healthy outlook about their neighborhoods and their psychological sense of safety. In order to create safer neighborhoods three crime prevention strategies are discussed.

Community Oriented Policing helps reduce crime and crime related activities when it is coordinated between local law enforcement and the community. Empowering local neighborhood activists to hold law enforcement accountable to their needs is a key to success.

Collaboration between law enforcement and community institutions and organizations provide juveniles with constructive alternatives. After school activities that take place during peak juvenile crime periods help reduce crime rates among juveniles. Unfortunately, in many low-income neighborhoods where children are in most need of safe, interesting, and challenging activities, there are few after-school options.

Safe passage programs provide “safe haven” houses where students can go if they feel threatened. Collaboration between law enforcement and neighborhood homeowners provides refuge to students from the streets.

Community Oriented Policing, neighborhood watch, safe schools, after school programs & activities, and “safe haven” homes all assist in creating safer neighborhoods.

**California Research Bureau**  
**Less-Educated Workers In California: A Statistical Abstract**  
**August 2000**

In 1999, one in five adult workers (2.5 million workers) in California lacked a high school diploma, also referred in this report as “Less-Educated Workers.”

All data tables reflect information derived from the 1999 March Current Population Survey. The survey report provides data for persons over the age of 18 and includes data from families with mixed legal status. The term “Less-Educated Workers” indicates workers age 19 years of age or older without a high school diploma or equivalent certification. The term “Better-Educated Workers” indicates workers over the age of 19 and have a high school diploma or greater. The term “Adults on Public Assistance” indicates people age 19 or older that received welfare payments at any time during the previous year.

In 1999, Latinos represented 73% of all less-educated workers and 38% of adults on public assistance. The largest region of less-educated workers comes from the Los Angeles & Orange Counties at 46%. In general, 61% of less-educated workers come from married families. Husbands represent the largest group of less-educated workers at 33%. 87% of less-educated workers are employed and 33% of those adults are on public assistance. Of less-educated workers employed, 59% of them work for small employers with 99 or fewer employees. 64% of less-educated workers worked full-time and 85% of them worked for one employer in 1999 and 86% worked in the private sector. 71% of less-educated workers had no pension plan at work, as compared to 57% of better-educated workers who had pension plans at work. 50% of less-educated workers had no health coverage and were uninsured whereas 67% of better-educated workers were provided health insurance by their employer. Of adults on public assistance 90% received health insurance from Medicaid.

Where a federal poverty level meant that a family of three’s income did not exceed \$14,150, 61% of less-educated workers were at 150% or above the poverty line, and 21% were below the line. Of better-educated workers, 89% of them were 150% above the poverty line.

Of less-educated workers, 59% of them were foreign-born (permanent resident), and accounted for 25% of the adults on public assistance. Of native born workers, 30% were less-educated workers who accounted for 67% of the adults on public assistance. Of the less-educated workers, 27% were born in the United States and 63% were from Latin America. Of those adults on public assistance, those born in the United States accounted for 66% of those receiving assistance. Of better-educated workers 61% of them owned their own homes when compared to less-educated workers who owned homes at a rate of 37% and who rented at a rate of 62%.

**California Research Bureau**  
**The Distribution of Wealth in California, 2000**  
**November 2003**

This study analyzes the associated level of wealth for all Californians, children, workers, and the elderly, by ethnic group. The analysis is based upon the Survey of Income and Program Participation (SIPP) of the U.S. Census Bureau (1996-2000) and household wealth is defined as the value of the assets owned by households less any debts on those assets.

In California, Whites are richer than other ethnic groups and hold more than 80% of the total household wealth in the state. The reason for this phenomenon is that Whites tend to have a higher education and typically tend to be older than other ethnic groups. The distribution of wealth for Asians was more equitable in respect to their population size and Latinos and African Americans were relatively the poorest ethnic groups. Among the various ethnic groups, most household wealth was observed as home equity. Although home equity accounted for most of the household wealth, Whites and Asians invest more of their wealth in stocks and mutual funds. The distribution of wealth among Californians living in an owned home had eight times more household wealth than Californians who rented their own homes.

Over 38% of Latinos and 45% of African Americans live in households where the combined wealth of all the household members is under \$3,925. The poorest 25% of Californians live in such households. The richest fourth live in households whose wealth is above \$202,500. Overall children tended to live in households with lower levels of wealth with clear distinctions between those children that lived in homes that were owned as opposed to renting. There are 3.5million children living in households with wealth of \$3,925. Among these children 58% are Latino, 22% are White, 11% African American, and 8% were Asian. African Americans had the highest propensity of being in the poorest category, where 60% of African American children live in poor households followed by Latinos at 44%, Asians at 30% and Whites at 19%.

Wealth is generally higher in households with elderly people, with the exception of those who live in rented homes. Asian, African American, and Latino elderly who live in rented houses are among the poorest in California.

Homeownership plays a major role in the accumulation of household wealth. This suggests the important role that public and private programs play in increasing homeownership and in attempting to increase the standard of living for Latinos and African Americans who are relatively the poorest in household wealth. Programs that encourage business ownership, entrepreneurial skills, and those programs that target the education and income of the poorest groups, may also be important to increasing the standard of living of Californians.

On average, business owners have significantly more wealth than jobholders do. Educational attainment is associated with higher household wealth for both business owners and jobholders, but differences in wealth by educational attainment are more important for jobholders. Workers with a Bachelor degree or greater are 3.5 times wealthier than those who have a high school diploma or less. When comparing wealth differences among business owners, the importance of educational attainment diminishes.

Given how the wealth in California is distributed, policy suggestions include promoting programs designed to increase homeownership, promoting higher education, and designing and/or supporting business ownership programs targeted to disadvantaged high school students or adults with lower levels of education.